

R. J. REYNOLDS

Tobacco Company

Lu Ann Heath
Systems Coordinator
(412) 257-9760
(800) 381-0687

September 26, 1994

TO: All Sales Reps

RE: Co-Marketing Administration

Ladies & Gentlemen:

The following brochure has been prepared as reference and to clarify key issues in regard to the administrative aspects of the Co-Marketing Program. It is suggested that you review the information carefully and refer to it when signing a retail account on the program or making a payment for a promotion.

I have enclosed examples of account statements with explanations for various scenarios such as negative numbers, overspent \$ and the importance of the effective date of the contract. Keep in mind that the Co-Marketing Statement is a tool that provides all pertinent information to you regarding payment and related expenditures and should eliminate the need for manual tracking.

Please update/replace statements every month as new Co-Marketing Statements are provided to you. If you feel that an error has been made in 7101 entry, feel free to call me.

Sincerely,

Lu Ann Heath
Systems Coordinator

Enclosures

*TO: all ROM's
as discussed in
our meeting
Jim P.
Send to
all Regions*

51844 9854

POINTS TO CLARIFY

- Co-Marketing can be viewed as a "Bonus" program.
- Co-Marketing Statements are updated on a weekly basis. Contracts entered in SIS will show up on Monday the following week. Utilize these statements as a "guide" to making payments. Effective dates of contracts are reflected with total dollar amounts available for promotion payment to retailer.
- Contract must be entered in SIS (1) Quarter prior to working a promotion. *It is more advantageous to begin the contract effective the first month of a given quarter. (more total dollars available for payment the following quarter that the promotion is worked)*
- Dollars will continue to accrue until the contract is ended. Delete contract if account does not qualify. A new contract can be entered in SIS at a later date if needed.
- Use CMFPK contract (Option 1 or 2) for pack outlets.
- Use CMFCT contract (Option 1 or 2) for carton outlets.
- Option #1 accrues dollars each month based on an industry volume grid.
- Option #2 is the RJR/Retailer Match in which a retailer may voluntarily match 50% of the base dollars accrued each month and RJR will equal the retailer match over and above the base amount.
- The Retailer Agreement Form provides a hard copy document as reference to each promotion. Agreements must be maintained at the ROU for 6 years to serve as payment backup. Indicate draft number on Retailer Agreement Form to provide an audit trail for payments.
- Cigarette Outlets accrue on a monthly basis. *Effective date of contract should be (1) month prior to actual promotion date.*
- Promotion Examples: Buydowns, Multi-Pack Offers, Coffee, Beverage, Gas, Sandwich Offers, Other Unique Retailer Specific Offers.